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IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

CRYO-TRANS, INC.,

Petitioner,

v.

GENERAL AMERICAN TRANSPORTATION CORPORATION,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

1. Contrary to the principal argument advanced by Respondent GATC in opposition to the petition for a writ of certiorari (*see* "Brief in Opposition to Petition for Writ of Certiorari" ("Opp.") at 9), the Court in *Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1384 (1996) did not "necessarily decide" the key issue regarding the standard of appellate review of a trial judge's construction of patent claims. The Court in *Markman* held only that patent claim construction is an issue for judges, not juries, to decide. *Id.* at 1387. GATC's reliance on the Federal Circuit's decision in *Markman*[1] (Opp. at 9-10) is misplaced since in reviewing that decision, this Court did not reach the standard of review issue. In contrast to the Federal Circuit, *this* Court has never concluded that all aspects of claim construction are to be reviewed without any deference to the trial court.[2]

2. GATC's critical argument that the trial court's claim construction should be reviewed "*de novo*" on appeal rests on a fundamentally flawed premise. GATC incorrectly assumes that the process of determining the meaning of disputed terms in a patent claim involves a pure question of law. Opp. at 9. To the contrary, as plainly shown in the instant case, the

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[1] *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (in banc), *aff'd*, 116 S. Ct. 1384 (1996).

[2] GATC's observation that this Court decided *Markman* less than a year ago (Opp. at 9) is of little, if any, significance to Cryo-Trans' petition. Cryo-Trans is not asking this Court to revisit whether there is a Seventh Amendment right to have a jury decide the meaning of patent claims. And given the Federal Circuit's exclusive jurisdiction in patent cases, the passage of time will not clarify or resolve the issue raised by the petition. The proper standard of review of the trial court's claim construction in patent cases is an important issue, arising in cases regularly being heard by the Federal Circuit, and is in urgent need of delineation by this Court.

interpretation of patent claims presents a "mixed" question of law and fact.

The Court in *Markman* expressly recognized claim construction as a "mongrel practice" that "falls somewhere between a pristine legal standard and a simple historical fact." 116 S. Ct. at 1390, 1395. Upon considering the historical treatment of claim construction in patent trials and the respective functional capabilities of judges and juries, the Court ultimately found "sufficient reason to treat construction of terms of art like many other responsibilities that we cede to a judge in the normal course of trial, *notwithstanding its evidentiary underpinnings*." *Id.* at 1395-96 (emphasis added). Thus, in view of the mixed nature of the claim construction inquiry, the trial court's claim construction is subject on appeal to a bifurcated review process requiring plenary review of the trial court's legal conclusions and review of underlying factual findings for clear error. *See First Options of Chicago, Inc. v. Kaplan*, 115 S. Ct. 1920, 1926 (1995).[3]

3. GATC attempts to justify the result in this case by asserting that the Federal Circuit has "consistently" reviewed claim construction *de novo* since its decision in *Markman*. Opp. at 13. In actuality, however, a minority of Federal Circuit judges have openly and directly questioned the propriety of the *de novo* standard in post-*Markman* opinions. *E.g.*, *Metaullics Sys., Co. v. Cooper*, 100 F.3d 938, 939 (Fed. Cir. 1996); *Wiener v. NEC Electronics, Inc.*, 102 F.3d 534, 539 (Fed. Cir. 1996). Indeed, Circuit Judge Rader,

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[3] Contrary to GATC's assertion (Opp. at 14 n. 2), the authority of an appellate court to "independently review" mixed questions of law and fact does not preclude deference to underlying fact findings. *See Ornelas v. United States*, 116 S. Ct. 1657, 1663 (1996); *see also Gasperini v. Center for Humanities, Inc.*, 116 S. Ct. 2211, 2227 (1996) (Stevens, J., dissenting).

recognizing the "troubled intersection between legal and factual analyses in [the Federal Circuit's] post-*Markman* jurisprudence," has recently urged against *de novo* review of claim construction. *J.T. Eaton & Co. v. Atlantic Paste & Glue Co.*, No. 95-1380, slip op. at 12 (Fed. Cir. Feb. 11, 1997) (Rader, J., dissenting).[4] Relying on this Court's decision in *Markman*, Judge Rader cautioned that merely because

> claims must be construed by the court does not divorce the interpretive process from a host of inherently factual subsidiary matters, such as how one skilled in the art would understand claim terms and prosecution history statements. This court's role in reviewing claim meanings discerned by the district courts calls for modesty and restraint--born not of timidity, but of recognition of the limits inherent in appellate review. [*Id.* at 12-13 (citation omitted)].

4. GATC's contention that the trial court ignored the '876 patent in determining the meaning of that term (Opp. at 6) is unsupportable. To the contrary, the district court's opinion manifests its extensive consideration and clear understanding of the patent specification, drawings and claims. Pet. App. 41a-46a. But unlike the Federal Circuit, the district court's claim construction analysis was further informed by consideration of evidence which the trial judge was in a unique position to evaluate, such as the testimony of expert witnesses, the inventor, and GATC's director of engineering, and the visual inspection of a physical embodiment of the claimed invention. *Id.* at 19a-20a. That evidence and the fact findings based thereon were ignored under the Federal Circuit's *de novo* review.

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[4] The decision issued after the filing of the petition.

5. GATC does not dispute that the result on appeal would have been different had the Federal Circuit applied the proper standard of appellate review. GATC readily admits that under the trial court's interpretation of the disputed claim term "adjacent," GATC's accused railcars infringe the '876 patent.[5] Opp. at 3. The Federal Circuit's failure to accord due deference in reviewing the trial court's claim construction ruling led to a reversal of the district court's judgment of infringement. In reaching that incorrect result, the Federal Circuit conducted an independent claim construction analysis, wholly without regard to the findings that compelled the trial court to conclude that GATC's accused Arcticar railcar contained vents or openings "adjacent" to the end walls, as claimed in the '876 patent.

Pursuant to Rule 52(a) of the Federal Rules of Civil Procedure and consistent with this Court's decision in *Winans v. Denmead*, 56 U.S. (15 How.) 330 (1853), the trial court made a number of critical factual findings *en route* to arriving at its conclusion that the term "adjacent" means "not far off," including determination of the structure of the claimed device, the mode of operation employed by the device, and the result attained by this mode of operation.[6] *See* Pet. App. 41a-46a, 52a-53a. Under the rules governing civil practice in the federal courts, factual findings in actions tried without a jury "shall not be set aside unless clearly erroneous, and due

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[5] GATC stipulated that its Arcticar contained each and every limitation of claim 1 of the '876 patent except bunker vents "adjacent" to the end walls. Pet. App. at 52a.

[6] GATC's bald assertion that the *Winans* factors are "legal inquiries" only underscores its basic confusion regarding the factual and legal aspects of the claim construction inquiry and illustrates its tendency to sweep the former into the latter in attempting to justify the *de novo* approach used by the Federal Circuit.

regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." Fed. R. Civ. P. 52(a). Hence, as one Federal Circuit panel has correctly noted, "[w]here a district court makes findings of fact as a part of claim construction, we may not set them aside absent clear error." *Metaullics*, 100 F.3d at 939.

The Federal Circuit did not determine the trial judge's findings underlying his claim construction to be clearly erroneous. The court set them aside by simply ignoring them. Had the Federal Circuit followed the precedent of this Court regarding review of mixed law/fact questions, it could not have properly reversed the judgment of infringement. The Federal Circuit's practice of according no deference to underlying findings of fact in this and other post-*Markman* cases highlights the need for immediate review and clarification by this Court.

6. Finally, the Federal Circuit panel that reversed the judgment below was not, as GATC suggests (Opp. at 15), "better positioned" than the trial court to consider the evidence adduced at trial and to make the requisite findings necessary to construe the claims properly. To be sure, in allocating the task of interpreting claims as between the trial court and the court of appeals, functional considerations alone dictate that the trial court, which stands as the principal receiver and evaluator of evidence, should serve as the primary forum for undertaking the task of construing claims in patent infringement actions. To conclude otherwise would render the trial court irrelevant, a result which could not have been intended by Congress in establishing the Federal Circuit. However, the practical effects of the Federal Circuit's decision in this case is to reduce the trial to nothing more than a "tryout on the road." *Wainwright v. Sykes*, 433 U.S. 72, 90 (1977).

Thus, for the reasons stated herein, as well as in the petition, petitioner respectfully submits that this Court should grant a writ of certiorari to review the Federal Circuit's decision in this case.

Respectfully submitted,

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